

Kentucky Agricultural Development Board

Minutes of the November 19, 2004 Board Meeting

The regular meeting of the Kentucky Agricultural Development Board was held on Friday **November 19, 2004** at **11:00 A.M. EST**, at the Franklin County Cooperative Extension Office. Deputy Commissioner Mark Farrow, presiding, called the meeting to order, and the Secretary called the roll.

Members Present

Donna Amburgey; H. H. Barlow; Vickie Yates Brown; Daniel Case; John Cleaver; Commissioner Richie Farmer (Deputy Commissioner Mark Farrow, designee); Rodney Dick; Dennis Griffin; Wayne Hunt; Sam Lawson; Jim Mahan; Sam Moore; Dean M. Scott Smith; Secretary Gene Strong (Don Goodin, designee)

Members Absent

Governor Ernie Fletcher

Others Present

Staff - Catherine Ball; Angela Blank; Brian Furnish; Tim Hughes; Kara Keeton; Maggie May; Bill McCloskey; Joel Neaveill; Lucinda Pease; Keith Rogers; Nick Whobrey; Stephen Yates **Guests** – Shana Herron, Community Farm Alliance; J.S. Hughes; Ray Bowman, Kentucky Goat Producers Association; Lowell Atchley, Legislative Research Commission; David Sayers; Jess Miller, Community Farm Alliance; Dee Potter, Lewis County Vegetable Producers; Glen Kegly, Lewis County Vegetable Producers; Ruby Kegly, Lewis County Vegetable Producers; Sally Mineer, Lewis County Extension Office; Don Van Erden, The Van Erden Group

Notification of Media

Deputy Commissioner Mark Farrow received verification from Keith L. Rogers, Chief Executive Officer, that the media had received notice regarding the Agricultural Development Board meeting.

Welcome

Deputy Commissioner Farrow welcomed staff and guests.

Approval of Minutes

The minutes of the October 14th and 15th meeting were approved as presented.

Capital Access Committee Meeting Report

Mr. Rogers introduced Tim Hughes to lead the discussion on the Kentucky Agricultural Finance Corporation.

Mr. Hughes informed the board that the Capital Access Committee met and discussed the agreement between the Kentucky Agricultural Finance Cooperation and the Agricultural Development Board.

Mr. Hughes presented the recommendations from the committee. The recommendations were to amend certain parts of the legal agreement.
(To see changes please reference the Agreement with recommendations from the committee in the Appendix)

A motion was made by Danny Case to approve the Amendments made to the agreement. Rodney Dick seconded the motion. The motion passes without dissent.

The board decided to entertain a request from the Ohio County Council to modify their agreement within the County Revolving Loan Program.

Mr. Rogers let the Board know that the next Kentucky Agricultural Finance Board meeting will be December 3, 2004 and the agreement will be taken to them to review.

Mr. Griffin moved that a final document be created with the committee chairmans approval and taken before the Kentucky Agricultural Finance Board. Rodney Dick seconded the motion. The motion passes without dissent.

Executive Director's Report

Deputy Commissioner Farrow yielded the floor to Mr. Rogers for the Executive Director's Report.

Mr. Rogers announced that beginning at this board meeting he would like to start reporting on who staff has been visiting for possible projects.

Mr. Rogers announced that The Governor's Office and the Agricultural Development Board will host a one day conference January 20, 2005, with the Board meeting the following day, January 21, 2005 at the Hyatt Regency.

Mr. Rogers gave a quick update on the Purchase Area AquaCulture Cooperative. They have requested a meeting with the Governor, which has been forwarded to Mr. Rogers. The Governor's Office of Agricultural Policy has not officially heard that PAAC will be closing their doors.

Mr. Rogers gave a brief update on Phase II. On November 2, 2004 we received notice that the tobacco companies were asking for a refund. On December 10, 2004 briefs are to be filed; December 17th responses are due; and December 20th, 2004 is the actual hearing. Mr. Rogers explained that he would be testifying on Monday, November 22, at a USDA hearing in Washington.

Mr. Rogers presented the update folder to the board.

Mr. Rogers presented three model program lists that had changes that were in the update folder.

Projects A2004-0471, A2004-0467, A2004-0500, A2004-0449, A2004-0464, and A2004-0476 as projects meeting the model **Agricultural Diversification Program** guidelines.

Projects A2004-0492, A2004-0483, and A2004-0489 as projects meeting the model **Farm Livestock Fencing Improvement Program** guidelines.

Projects A2004-0480, A2004-0472, A2004-0457, A2004-0488, A2004-0482, A2004-0468, and A2004-0479 as projects meeting the model **Cattle Handling Facilities Program** guidelines.

Mr. Moore moved to make changes to the county model programs lists. Mr. Cleaver seconded the motion. The motion passed without dissent.

Mr. Hunt moved to approve the changes to the amendments found in the update folder (on file with secretary). Mr. Moore seconded the motion. The motion passed without dissent.

Mr. Rogers presented three individual Amendments from the update folder. (On File with Board Secretary)

Kentucky Center for Cooperative Development (KCCD) requested that the \$449,735 approved by the Agricultural Development Board for fiscal year 2004 and 2005 be allowed to be used in fiscal year 2006. The source of matching funds for KCCD is USDA funds.

Mr. Goodin moved to approve KCCD's request. Mr. Lawson seconded the motion. The motion passed without dissent.

The Kentucky's Entrepreneurial Coaches Institute requested that \$26,000 of the \$46,000 originally approved for designing an external evaluation component on the first year of their project be disbursed now, so they may design the external evaluation component on the front end of the project, instead of the end of year one.

Mr. Hunt moved to approve this request. Mr. Moore seconded it. The motion passed without dissent.

Lake Cumberland Milling Company is requesting a sixty-day extension of time to submit a signed legal agreement for their project that was approved at the April 2004 Agricultural Development Board Meeting.

Mr. Dick moved to approve this request. Mr. Case seconded it. The motion passed without dissent.

Referral of December Projects¹

Mr. Rogers presented projects A2004-0470 through A2004-501 for referral to the Board's Project Review Committees. Mr. Moore moved that projects A2004-0470 through A2004-501 be referred to the Board's Project Review Committees; Mr. Case seconded the motion. The motion passed without dissent.

Approval of Model Programs²

Deputy Commissioner Farrow submitted projects A2004-0471, A2004-0467, A2004-0500, A2004-0449, A2004-0464, and A2004-0476 as projects meeting the model **Agricultural Diversification Program** guidelines.

Deputy Commissioner Farrow submitted projects A2004-0478 and A2004-0495 as projects meeting the model **Cattle Genetics Improvement Program** guidelines.

Deputy Commissioner Farrow submitted projects A2004-0480, A2004-0472, A2004-0457, A2004-0488, A2004-0482, A2004-0468, and A2004-0479 as projects meeting the model **Cattle Handling Facilities Program** guidelines.

Deputy Commissioner Farrow submitted projects A2004-0492, A2004-0483, and A2004-0489 as projects meeting the model **Farm Livestock Fencing Improvement Program** guidelines.

Deputy Commissioner Farrow submitted projects A2004-0473, A2004-0481, A2004-0470, A2004-0477, and A2004-0485 as projects meeting the model **Forage Improvement & Utilization Program** guidelines.

Deputy Commissioner Farrow submitted projects A2004-0400, A2004-0486, A2004-0484, A2004-0487, and A2004-0494 as projects meeting the model **Hay, Straw & Commodity Storage Program** guidelines.

Mr. Case moved the said applications be approved for the named model programs; Mr. Dick seconded the motion. The motion passed without dissent.

Review of Amendments

Mr. Lawson presented the following amendments for approval.

A2004-0147, Anderson County Farm Bureau, was approved for \$21,113.00 on April 29, 2004. The applicant requests an additional \$3,000.00 for the Hay, Straw, and Commodity Storage Program in Anderson County. The request received a High priority from the Anderson County Council. The term of the program shall remain 18 months from the execution date of the original agreement. Approval of this request would bring the program total to \$24,113.00.

¹ A detailed list of the referred projects is attached as Appendix A.

² A detailed list of projects funded under each model program category is attached as Appendix B.

A2003-0089, Anderson County Cattle Association, Inc., Changed amount was approved for \$45,450.00 on April 18, 2003. The applicant requests a decrease in project funds of \$6000.00 for the Cattle Handling Facilities Program in Anderson County. These funds are to be reallocated to the county account. Approval of this request would bring the program total to \$33,450.00.

A2003-0086, Anderson County Farm Bureau Federation, was approved for \$15,835.00 on April 18, 2003. The applicant requests a decrease in project funds of \$12,000.00 for the Forage Improvement & Utilization Program in Anderson County. These funds are to be reallocated to the county account. Approval of this request would bring the program total to \$3,835.00.

A2004-0098, Boyle County Farm Bureau Federation, was approved for \$60,000 on April 29, 2004. The applicant requests an additional \$56,650.00 for the Farm Livestock Fencing Program in Boyle County. The request received a High priority from the Boyle County Council. The term of the program shall remain 12 months from the execution date of the original agreement. Approval of this request would bring the program total to \$116,650.00.

A2004-0389, Cave Region Agritourism, Inc., was approved for \$22,500.00 on September 17, 2004. The applicant requests an additional \$500.00 from Hart County funds, which received a High priority from the Hart County Council, which decreases the state portion of the project by \$500.00 to a total of \$19,250.00. All the other terms and conditions of the legal agreement remain the same.

A2004-0299, Estill County Cattlemen's Association, was approved for \$52,500.00 on June 18, 2004. The applicant requests an additional \$11,550.00 for the Cattle Handling Facilities Program in Estill County. The request received a High priority from the Estill County Council. The term of the program shall remain 12 months from the execution date of the original agreement. Approval of this request would bring the program total to \$64,050.00.

A2004-0299, Mountain Cattlemen's Association, was approved for \$6,272.00 on November 21, 2003. The applicant requests a decrease in project funds of \$5,272.00 for the Cattle Genetics Improvement Program in Lee County. These funds are to be reallocated to the county account. Approval of this request would bring the program total to \$1,000.00.

A2004-0048, Mercer County Farm Bureau, was approved for \$40,000.00 on March 19, 2004. The applicant requests an additional \$27,500.00 for the Farm Livestock Fencing Improvement Program in Mercer County. The request received a High priority from the Mercer County Council. The term of the program shall remain 12 months from the execution date of the original agreement. Approval of this request would bring the program total to \$67,500.00.

Mr. Lawson moved that said amendments be approved; Mr. Barlow seconded the motion. The motion passed without dissent.

Committee Reports

Blue Project Review Committee

Recommendations for Funding

Vicke Yates Brown reported for the Blue Project Review Committee (PRC). Ms. Brown noted that the Blue PRC is presenting two projects for funding consideration.

Ms. Brown presented A2004-0452, **Montgomery County Conservation District**. The application received a high priority from Montgomery County money. The Montgomery County Conservation District requested \$98,519 of Montgomery County funds for a lime cost-share program. The Council only committed \$25,125, rather than the amount requested. The purpose of this project is to increase pasture and hayfields capabilities. Funds would be used to cost-share on purchases of lime up to \$1,250 per farm number. Ms. Brown reviewed the proposed terms and conditions for the project.

Ms. Brown moved that **A2004-0452 be approved for \$25,125 in Montgomery County funds**; Mr. Case seconded the motion. The motion passed without dissent.

Ms. Brown presented A2004-0461, **Green County 4-H Council**. The application received a high priority from Green County. The Green County 4-H Council requested \$36,560 of Green County funds to administer a heifer chain project for beef and dairy cattle. The purpose of this project is to increase youth and family involvement in the livestock industry in Green County. Agricultural Development funds will be used to purchase six head of registered beef or dairy cattle each year for the first three years of the program. After year three this project will become self-sustaining. Ms. Brown reviewed the proposed terms and conditions for the project.

Ms. Brown moved that **A2004-0461 be approved for \$36,560 in Green County funds with a correction on the terms and conditions page; changing Todd County to Green County**. Mr. Case seconded the motion. The motion passed without dissent.

Recommendations for No Funding

Ms. Brown presented **A2004-0370, Goodwill Industries of Kentucky, Inc.**. The applicant requested \$20,786 in Pulaski County funds, but withdrew this application.

Ms. Brown presented **A2004-0450, Foothills Goat Association**. The applicant requested \$32,000 in Montgomery County funds to administer the Goat Diversification program to help area farmers that are in goat production. The applicant also requests a reduced match of 25% on the part of the producer. Ms. Brown moved that no funds be awarded to A2004-0450 based on a low county priority and funds were committed; Mr. Moore seconded the motion. The motion passed without dissent.

Ms. Brown presented **A2004-0458, Central Kentucky Meat Goat Producers**. The applicant requested \$20,000 in Green County funds to administer a Goat Diversification Model Program in Green County. Ms. Brown moved that no funds be awarded to A2004-0458 based on receiving a low priority from the county council; Mr. Case seconded the motion. The motion passed without dissent.

Red Project Review Committee

Recommendations for Funding

Sam Lawson reported for the Red Project Review Committee (PRC). Mr. Lawson noted that the Red PRC is presenting five projects for funding consideration.

Mr. Lawson presented **A2004-0100, Commonwealth Agri-Energy, LLC**, . The application received a high priority from Christian County. Commonwealth Agri-Energy requested a loan in the amount of \$200,000 of Christian County funds to finance the installation of low cost cooling water systems using lake water at Commonwealth Agri-Energy. Mr. Lawson reviewed the proposed terms and conditions for the project.

Mr. Lawson moved that **A2004-0100 be approved for a \$200,000 loan in Christian County funds**; Mr. Hunt seconded the motion. The motion passed without dissent.

Mr. Lawson presented **A2004-0287, Bob Lawrence & Mike Hyde**, . The application received a high priority from Trigg County. Bob Lawrence & Mike Hyde requested \$21,360 of Trigg County Funds to purchase a portable irrigation system, including a diesel engine, pump, water propelled irrigation gun, trailer and accessory equipment to provide custom irrigation services for tobacco and vegetable producers in the area, as well as their own farming operations. This service will increase the quality, consistency, and quantity of tobacco crops and will be available to farmers in Caldwell and Trigg Counties. Mr. Lawson reviewed the proposed terms and conditions for the project.

Mr. Lawson moved that **A2004-0287 be approved for \$21,360 in Trigg County funds**; Mr. Griffin seconded the motion. The motion passed without dissent.

Mr. Lawson presented **A2004-0418, The Lewis County Vegetable Producers Association, Inc.** The application received a high priority from Lewis County. The Lewis County Vegetable Producers requested \$80,000 of Lewis County funds to construct a permanent building for marketing diverse agricultural products. Mr. Lawson reviewed the proposed terms and conditions for the project.

Mr. Lawson moved that **A2004-0418 be approved for \$80,000 in Lewis County funds**; Mr. Moore seconded the motion. The motion passed without dissent.

Mr. Lawson presented **A2004-0441, Washington County Cattlemen Association Inc.** The application received a high priority from Washington County. The Washington County Cattlemen Association Inc. requested \$21,000 of Washington County funds

to continue a Youth Master Cattlemen Program. This proposal will support and encourage the youth in Washington County that are interested in dairy and beef. Mr. Lawson reviewed the proposed terms and conditions for the project.

Mr. Lawson moved that **A2004-0441 be approved for \$21,000 in Washington County funds**; Mr. Moore seconded the motion. The motion passed without dissent.

Mr. Lawson presented **A2004-0443, Edmonson County Conservation District**. The application received a high priority from Edmonson County. The Edmonson County Conservation District requested \$17,085 of Edmonson County funds to implement a Lime Coset Share Program to improve productivity of established farmland. This program will encourage producers to balance their soil pH with the proper lime application which will improve the efficiency and effectiveness of herbicides and fertilizer applications translating into higher crop yields and increase in net farm income. Mr. Lawson reviewed the proposed terms and conditions for the project.

Mr. Lawson moved that **A2004-0443 be approved for \$17,085 in Edmonson County funds**; Mr. Cleaver seconded the motion. The motion passed without dissent.

Recommendations for No Funding

Mr. Lawson presented **A2004-0469, Marion County Conservation District**. The applicant requested \$2,000 in State funds to landscape the St. Joe Community Center which offers recreational/leisure opportunities in Marion County. Mr. Lawson moved that no funds be awarded to A2004-0469 based on there were no benefits to Marion County farmers; Mr. Moore seconded the motion. The motion passed without dissent.

Other Business- Model Program Review

Brian Furnish presented the Model Program recommended revisions. (Proposed revisions on file with the Board Secretary.)

Agricultural Diversification

F. Poultry Production, Commercial Poultry

The board wanted the language to be worked on to ensure that Agricultural diversification money cannot match Conservation money for the litter storage facilities.

Mr. Furnish asked Ms. May to follow up on Mr. Moore's question on litter storage.

I. Equine Production

The Board agreed that the language about nurse mares needed to be removed.

Cattle Genetics

The Board chose to keep the EPD language as it stands. The Board does not want to allow counties to increase the EPD's.

Closing Remarks

The next meeting of the Kentucky Agricultural Development Board will convene at 11:00 a.m. on Friday, December 17 at the Franklin County Extension Office. Note time and location of meeting subject to change; ample notification will be given if such a change occurs.

The meeting adjourned at 4:15 p.m.

APPROVED: _____

PRESIDING OFFICER: _____

SECRETARY: _____

AGREEMENT REGARDING THE CREATION OF THE

KENTUCKY AGRICULTURE INVESTMENT TRUST with Amendments

WHEREAS, the **Agricultural Development Board** ("Board") was created by the General Assembly in KRS 248.707 and charged with the responsibility of administering funds from the "Rural Development Fund" created in KRS 248.655 to provide economic assistance to the agriculture community of the Commonwealth;

WHEREAS, the **Kentucky Agricultural Finance Corporation** ("KAFC") was created by the General Assembly in KRS 247.940, et seq. and established as a de jure municipal corporation and political subdivision of the Commonwealth created for the purpose of performing essential public functions and serving the public purposes in improving and promoting the health, welfare and prosperity of the people of the Commonwealth through the stimulation of existing agricultural enterprises and the promotion of new agricultural ventures.

WHEREAS, the Board, pursuant to its statutory mandate of receiving requests via applications for funding and subsequently authorizing the distribution of said funds according to KRS 248.709, desires to enter into this agreement with **Kentucky Agricultural Finance Corporation**, ("KAFC") in furtherance of KAFC's stated purpose, goals and objectives, to create the **Kentucky Agricultural Investment Trust** ("Trust"); and

WHEREAS, KAFC has submitted an application that has been approved by the Board, project number A2003-00406, and now seeks to enter in an agreement with the Board to effectuate said approval.

NOW, THEREFORE, as of the 31st of October, 2003, the Board and KAFC hereby agree as follows:

1. FUNDING.

The Board agrees to provide up to **\$20,000,000.00 (Twenty Million Dollars)** upon execution of this agreement to KAFC for funding and implementation of the "Kentucky Agricultural Investment Trust" pursuant to the terms of this agreement ~~and the project summary attached as Exhibit "A."~~

Said funding is expressly contingent upon and subject to the following terms and conditions:

a. These funds will be used to establish the following ~~three~~ **four** financing programs:

~~1) The Investment Fund for Agriculture. These funds will provide financial assistance through investments in local banks at below market interest rates. The savings by reduction in the interest rate will be passed on to agricultural borrowers. Investments shall work similarly to the Link Deposit Investment Program. These funds will be invested by KAFC in accordance with KRS 247.946(21). Program guidelines are attached as Exhibit "B."~~

~~2) The Agricultural Endeavors Lease Program. Funds shall be used to purchase real estate to be leased back to value-added agricultural processors purchasing Kentucky grown commodities. Second, funds shall also be combined with funding from other loan and grant sources with the~~

~~ultimate goal to provide below market financing to Kentucky producers. Program guidelines are attached as Exhibit "B."~~

~~3) *The Young Farmers Financing Program.* (i) Funds shall be made available to producers meeting the eligibility requirements of the Farm Services Administration (FSA) Young Farmer Program or KRS 247.942(2)(a). (ii) Direct loan or loan buy down program in concert with local lenders. (iii) Maximum loan amount is \$250,000.00 with said loan amount not to exceed matching local bank funds provided. FSA participation would be available either for guarantee or additional direct loan. Loan shall be for 15 years fixed with interest at the Wall Street Journal prime rate. Program guidelines are attached as Exhibit "B."~~

~~Kentucky Agricultural Development Board
Kentucky Agricultural Finance Corporation
Amendment to Agreement and Guidelines~~

1 Agricultural Processing Investment Fund:

—KAFC will provide and/or participate in loans or make investments in entities which construct new, renovate, or expand existing facilities in Kentucky that add value to Kentucky grown agricultural commodities through further processing. KAFC will work in harmony with lenders with offices in Kentucky to assist these ventures in putting together attractive financing plans. Term of loan can not exceed the expected useful life of the item(s) being financed. Loans can not be used for operating capital or to refinance existing debt. KAFC has a statutory investment limit of \$1,000,000 per loan.

KAFC will further consider financing projects that secure potential marketing opportunities for producers. KAFC has the opportunity to own the real estate and improvements and enter into a lease agreement with the lessee. KAFC can also participate in equity positions within the entity. Program emphasis will be on projects that directly benefit counties heavily impacted by the loss of tobacco income. KADB earmarks \$15,000,000 for these type projects.

~~4~~2 Tobacco Grower Investment Fund:

—KAFC will provide and/or participate in loans assisting tobacco farmers making operational transitions. These loans will be limited to capital expenditures involving real estate and/or improvements that improve the financial viability of individual farming operations. Loans can not be used for operating expenses or to refinance existing debt. KAFC will work in harmony with financial institutions with offices in Kentucky, the Farm Service Agency, and with other agencies to leverage available funds to secure attractive financing opportunities for producers. Special consideration will be given to limited resource farmers and to producers located in counties heavily impacted by the loss of tobacco income. KADB earmarks \$5,000,000 for financing programs to affect these applicants.

3) The County Revolving Loan Program. K AFC shall act as a clearinghouse and administrative entity for counties wishing to participate in County Revolving Loan Program for farmers. ~~The County Revolving Loan Fund Model Program Guidelines are attached as Exhibit "C." K AFC shall invest these funds in accordance with KRS 247.946(21).~~

- b. Funds in the Trust not being used for any of the above financing programs shall also be invested in accordance with KRS 247.946(21).
- c. All financing assistance K AFC provides pursuant to any of the above financing programs shall be in ~~harmony~~ ~~concord~~ with local lenders. In keeping with the Agricultural Development Board's investment philosophy, funds paid from the Trust will provide no more than 50% of the total financing for a K AFC participant/applicant. This money will be funded/ allocated as needed.
- d. K AFC shall not be permitted to transfer or shift any of the funds from any of the financing programs referenced above without prior approval from the Board;
- e. If K AFC ceases to function as a viable entity capable of carrying out its purpose and/or the purpose of the Trust any time subsequent to the date of this Agreement, then any and all funds committed to K AFC shall be immediately returned to the Board, its designated representative or successor in interest.

2. MANAGEMENT.

- a. K AFC Board. The K AFC shall retain its twelve member Board which was established in 2003, to oversee management of the Trust. The K AFC Board will work cooperatively with the Office of Financial Management in the Kentucky Finance and Administration Cabinet to establish appropriate investment criteria for the Trust assets.
- b. Committees. The K AFC Board shall create and oversee the following committees:
 - i. An Operations Committee to develop and establish appropriate record-keeping guidelines and criteria;
 - ii. An Audit Committee for purposes of adequate control and oversight of funds; and
 - iii. An Marketing Committee for establishing and maintaining a marketing plan for dissemination to target markets.

3. DURATION OF AGREEMENT.

The funding provisions of this agreement shall be implemented no later than October 31, 2003.

Notwithstanding any other provision in this agreement, this agreement shall be voidable by the Board upon notification by the Board of its inability to fund any project due to inadequate funds existing in the Agricultural/Rural Development Fund pursuant to KRS 248.655. K AFC recognizes that the Board shall not be liable for any funding commitment

or any portion thereof if the Board is unable to fund said commitment under the preceding circumstances.

4. REQUIRED RECORDKEEPING.

KAFC shall provide to the Board, in a form reasonably acceptable to the Board, on an annual basis, the following documents to determine the success of this investment: (1) the number of agricultural endeavors assisted; (2) The number of investments made through the ~~Investment Fund for Agriculture~~ Agriculture Processing Investment Fund (APIF) (3) Total investment in value-added diversification projects as a result of KAFC assistance; (4) the number of ~~Agricultural Endeavors participating in the Agricultural Endeavors Lease Program~~ Tobacco Grower Investment Fund loans; and (5) the Return on Investment of funds in the Trust.

In addition to the records specifically identified above, the KAFC shall maintain any and all supporting documents (in paper or electronic forms) as typically required in the normal course and scope of the traditional business operation and in compliance with generally accepted accounting principles (GAAP). Upon a reasonable request by the Board or the Board's authorized representative, KAFC shall also maintain and produce any other documents to the Board. At a minimum, the documents retained and maintained shall substantiate investments made with any and all funds received pursuant to this agreement. KAFC shall furnish said documents (in paper or electronic form) to the Board upon request by the Board or its authorized representative.

Upon request by the Board, KAFC shall permit the Board or its authorized representative(s) the right to inspect any books, documents, papers, records or any other evidence reflecting the projects funded by the Trust. Said books, documents, etc. shall be subject to public disclosure unless exempted from disclosure by KRS 61.878 or other applicable prevailing law.

KAFC and any other entities ultimately receiving funding from this agreement shall maintain said books, documents, etc. as set forth in the prior paragraph for a period of at least five (5) years after final payment from the Board to KAFC.

Should KAFC enter into a sub-agreement with another entity, the sub-agreement shall, at the request of the Board or the Board's authorized representative, require that the other entity furnish to the Board any and all necessary documentation (in paper or electronic form) relating to the investment of funds authorized by the Board. The sub-agreement shall also require that the other entity be subject to all other provisions of this paragraph.

5. TERMINATION.

The Board shall have the right to terminate its funding obligations under this agreement for cause upon 30 (thirty) days written notice to KAFC. "Cause" shall mean any material breach of this agreement. Upon said termination, the KAFC shall be required to repay all funds to the Board that have not been expended and/or committed as of the date of the notice of termination.

The Board and/or the Governor's Office of Agricultural Policy shall not be responsible for any costs, damages, or expenditures to entities that receive funds from the recipient as a result of a termination of the Agreement with the KAFC.

6. VENUE AND CHOICE OF LAW.

The venue for any legal action regarding the terms of this agreement shall be Franklin Circuit Court. Both parties agree that this is a material term of the agreement and consent to said venue.

Both parties further agree that all questions as to the execution, validity, interpretation, construction and performance of this agreement shall be governed by the laws of the Commonwealth of Kentucky.

The recipient agrees to place the substance of this paragraph into any and all sub-agreements with other entities.

7. EFFECTIVE DATE AND SIGNATURE IN COUNTERPARTS.

The effective date of this agreement is the date of execution of the last signature in time. This agreement may be signed by each party upon a separate copy, and in each such case one counterpart of this Agreement shall consist of a sufficient number of copies to reflect the signature of each party hereto. This agreement may be executed in two or more counterparts, each of which shall be deemed an original, and it shall not be necessary in making proof of this agreement or the terms and conditions hereof to produce or account for more than one of such counterparts.

8. ASSIGNMENT.

This agreement shall not be assigned to any other entity without the written consent of the Board. Any assignment shall be void unless the written consent of the Board or its authorized representative is obtained.

9. MODIFICATION.

This agreement may only be modified in a written document executed by both parties.

10. COMPLIANCE WITH STATE AND FEDERAL LAWS.

KAFC submits that, to the best of its knowledge, it is in compliance with all state and/or federal laws and regulations. This agreement and any and all sub-agreements are governed by KRS Chapter 248 and KRS Chapter 247. If any material portion of this agreement is deemed to conflict with said statutes, then only the portion that conflicts shall be stricken from the agreement and the remainder of the agreement shall be duly enforced.

11. ANNUAL REPORT FROM RECIPIENT.

a. Deadlines for submittal.

During the life of the project, KAFC shall submit quarterly reports that indicate how the funds have been invested to date. An annual report shall be submitted yearly to the KADB Board on the anniversary date of this agreement.

b. Substance of Report.

The annual report shall include an accounting for the investment of all funds by financing program along with any other information requested by the Board or its authorized representative.

12. LIABILITY WAIVER.

In the carrying out any of the provisions associated with the administration of this Agreement, no personal or individual liability shall be threatened, claimed or imposed upon members of the Board, the Executive Director of the Board, and/or any member of the staff of the Governor's Office of Agricultural Policy. In all such matters relating to the administration of this Agreement and the programs referenced therein, the officials named in this paragraph are acting solely as representatives of the Commonwealth of Kentucky.

IN WITNESS WHEREOF, the parties have entered into this agreement as of the date first written above, October 31, 2003.

KENTUCKY AGRICULTURAL FINANCE CORPORATION

BY: _____

TITLE: _____

DATE: _____

AGRICULTURAL DEVELOPMENT BOARD

BY: _____

TITLE: _____

DATE: _____

|

New Applications for Referral

Appl #	Project Name	Project Type
A2004-0470	SKAD / Pulaski County Soil and Water Conservation District	Forage Improvement & Utilization
A2004-0471	Boyle County Farm Bureau	Agricultural Diversification
A2004-0472	Boyle County Farm Bureau	Cattle Handling Facilities
A2004-0473	Boyle County Farm Bureau	Forage Improvement & Utilization
A2004-0474	Double J Mill, Inc.	Project
A2004-0475	Owsley County CLIP Program	Project
A2004-0476	Russell County Farmer's Market	Agricultural Diversification
A2004-0477	Russell County Dairy Advancement Council, Inc.	Forage Improvement & Utilization
A2004-0478	Green River Area Beef Improvement Group, Inc.	Cattle Genetics Improvement
A2004-0479	Green River Area Beef Improvement Group, Inc.	Cattle Handling Facilities
A2004-0480	Allen County Farm Bureau, Inc., of Allen County, Kentucky	Cattle Handling Facilities
A2004-0481	Grayson County Cattlemens Association Inc.	Forage Improvement & Utilization
A2004-0482	Hopkins County Livestock Association, Inc.	Cattle Handling Facilities
A2004-0483	Franklin County Cattlemen's Association, Inc.	Farm Livestock Fencing Improvement
A2004-0484	Russell County Dairy Advancement Council, Inc.	Hay, Straw, & Commodity Storage
A2004-0485	Washington County Cattlemen Association, Inc.	Forage Improvement & Utilization
A2004-0486	Mercer County Conservation District	Hay, Straw, & Commodity Storage
A2004-0487	Spencer County Farm Bureau, Incorporated	Hay, Straw, & Commodity Storage
A2004-0488	Hart County Cattlemen's Association, Inc.	Cattle Handling Facilities
A2004-0489	Hart County Goat Producers Association, Inc.	Farm Livestock Fencing Improvement
A2004-0490	Nelson County Horticulture Advisory Board, Inc.	Project
A2004-0491	Dachele Farms	Project

New Applications for Referral

Appl #	Project Name	Project Type
A2004-0492	SKAD/Clinton County Farm Bureau, Inc., of Albany, Kentucky	Farm Livestock Fencing Improvement
A2004-0493	Henry County Boer Goat Association, Inc.	Project
A2004-0494	Woodford County Agriculture Advancement Council, Inc.	Hay, Straw, & Commodity Storage
A2004-0495	Woodford County Beef Cattle Association, Inc.	Cattle Genetics Improvement
A2004-0496	Kentucky Shrimp Growers' Cooperative Association, Inc.	Project
A2004-0497	Gayle Arnold	Project
A2004-0498	ALH Holding Company - Gunnison	Project
A2004-0499	Muhlenberg County Cattlemen's Association, Inc.	Cattle Handling Facilities
A2004-0501	Kentucky Community and Technical College System	Project

APPENDIX B: Model Program Lists

Agricultural Diversification

<u>Application</u>	<u>Program Administrator</u>	<u>County</u>	<u>Funds Requested</u>
A2004-0471	Boyle County Farm Bureau	Boyle	\$15,450.00
A2004-0467	Lewis County Conservation District	Lewis	\$54,000.00
A2004-0500	Mercer County Farm Bureau, Inc.	Mercer	\$25,500.00
A2004-0449	Montgomery County Farm Bureau of Mon	Montgomery	\$45,331.00
A2004-0464	SKAD/Pulaski County Agricultural Advan	Pulaski	\$20,000.00
A2004-0476	Russell County Farmer's Market	Russell	\$28,000.00
			<u>\$188,281.00</u>

Cattle Genetics Improvement

<u>Application</u>	<u>Program Administrator</u>	<u>County</u>	<u>Funds Requested</u>
A2004-0478	Green River Area Beef Improvement Gro	McLean	\$19,543.00
A2004-0495	Woodford County Beef Cattle Association,	Woodford	\$25,000.00
			<u>\$44,543.00</u>

Cattle Handling Facilities

<u>Application</u>	<u>Program Administrator</u>	<u>County</u>	<u>Funds Requested</u>
A2004-0480	Allen County Farm Bureau, Inc., of Allen C	Allen	\$151,000.00
A2004-0472	Boyle County Farm Bureau	Boyle	\$30,900.00
A2004-0457	The Grant County Agricultural Diversific	Grant	\$10,000.00
A2004-0488	Hart County Cattlemen's Association, Inc.	Hart	\$75,000.00
A2004-0482	Hopkins County Livestock Association, In	Hopkins	\$21,600.00
A2004-0468	Lewis County Conservation District	Lewis	\$54,000.00
A2004-0479	Green River Area Beef Improvement Gro	McLean	\$7,500.00
			<u>\$350,000.00</u>

Farm Livestock Fencing Improvement

<u>Application</u>	<u>Program Administrator</u>	<u>County</u>	<u>Funds Requested</u>
A2004-0492	SKAD/Clinton County Farm Bureau, Inc., o	Clinton	\$75,000.00
A2004-0483	Franklin County Cattlemen's Association, I	Franklin	\$20,000.00
			<u>\$95,000.00</u>

Forage Improvement & Utilization

<u>Application</u>	<u>Program Administrator</u>	<u>County</u>	<u>Funds Requested</u>
A2004-0473	Boyle County Farm Bureau	Boyle	\$61,800.00
A2004-0481	Grayson County Cattlemens Association I	Grayson	\$20,000.00
A2004-0477	Russell County Dairy Advancement Counc	Russell	\$100,000.00
A2004-0485	Washington County Cattlemen Associati	Washington	\$44,000.00
			<u>\$225,800.00</u>

APPENDIX B: Model Program Lists

Hay, Straw, & Commodity Storage

<u>Application</u>	<u>Program Administrator</u>	<u>County</u>	<u>Funds Requested</u>
A2004-0400	Johnson County Conservation District	Johnson	\$31,500.00
A2004-0486	Mercer County Conservation District	Mercer	\$82,500.00
A2004-0484	Russell County Dairy Advancement Council	Russell	\$11,000.00
A2004-0487	Spencer County Farm Bureau, Incorporated	Spencer	\$52,500.00
A2004-0494	Woodford County Agriculture Advancement	Woodford	\$50,000.00
			<hr/> \$227,500.00

APPENIDIX A: *Referred to Project Review*

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APPENIDIX B: *Model Program Lists*

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